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APPLICABILITY: All DSN County Boards and Other Providers of DSN Services

I. PURPOSE

The purpose of this document is to establish a uniform, businesslike approach in the procurement of goods and services by county disabilities and special needs boards and other community-based providers of services to people with disabilities. The directive is intended to ensure that local providers procurement practices maximize the use of funds budgeted for goods and services.

II. APPLICABILITY

This document applies to all county disabilities and special needs boards, nonprofit organizations, or for-profit organizations (hereinafter referred to as "providers") receiving grants or contract funding from the South Carolina Department of Disabilities and Special Needs.

III. ADOPTION OF PROVIDER PROCUREMENT POLICIES AND PROCEDURES

All providers shall establish procurement policies and procedures with requirements at least as restrictive as those contained in this directive. The policies and procedures shall be approved by the providers governing boards and shall apply to all procurement activities supported in whole or in part by SCDDSN funding. If both a nonprofit organization and county disabilities and special needs board operate programs in a county, governing boards of both entities would need to approve the policies and procedures. DSN shall provide assistance to providers in developing and implementing procurement policies and procedures.

It is possible that disabilities and special needs boards considered to be agencies of county government are covered by procurement requirements of their county governments. If a local provider and county government determine that the county government's code pertains to them, it will not be necessary to adopt another set of policies and procedures.

IV. STANDARDS OF CONDUCT

Each provider shall establish and implement a written code of conduct governing the board members, employees, or agents as part of the procurement policy. The code shall specify that no employee, board member, or agent of the local board shall participate in vendor selection or in the award or administration of a purchase supported by DSN award funds, if a conflict of interest would be involved. Such a conflict would arise when:

- (a) an employee, board member, or agent;

- (b) any member of his or her family;
- (c) his or her partner; or
- (d) an organization which employs or is about to employ any of the above has a financial or other interest in the firm selected for the purchase. The providers code of conduct does not have to prohibit awards to these parties, but should prohibit their participation in the selection process or in administration of purchases where there would be a conflict of interest.

The code of conduct also should prohibit employees, board members, or agents from soliciting or accepting personal gratuities, favors, or anything of monetary value from contractors/suppliers, potential contractor/suppliers, or parties to sub-agreements. The State Ethics Code, South Carolina Code of Laws Sections 8-13-10 through 8-13-1020, governs disabilities and special needs boards. Where local DDSN boards are not disabilities and special needs boards, the State Ethics Code shall be used as a guide in developing codes of conduct.

V. STANDARDS FOR PROCUREMENT POLICIES AND PROCEDURES

The provider's policies and procedures shall ensure that all procurement transactions are conducted in a manner that provides maximum open and free competition. The following guidelines shall be used by the provider in developing procurement policies and procedures:

A. Confidentiality of Price Information

The provider personnel shall not supply information concerning prices to prospective bidders for items or services being procured.

B. Procurement and Source Selection

Direct procurement shall be accomplished by means of a properly authenticated purchase order. A single provider employee ("purchasing official") should be authorized to approve purchases.

It is recommended that each local provider establish a minimum dollar limit for board involvement in a purchase. Under such a provision, the board would have to approve any purchase above that level.

In regard to source selection, the provider's policies shall apply the following rules to purchases, except for emergency, sole source, and professional services procurements, covered in Sections V, C, D, and E:

- (1) Purchases up to \$1,500...May be accomplished without securing competitive quotations. The purchasing official's signature affixed to the purchase order constitutes certification that the price is fair and reasonable. Award determination will be made based on recent purchasing experience, knowledge of current markets. When practical, a quotation will be solicited from a source other than the previous supplier of such goods and services.
- (2) Purchases from \$1,501.00 to \$5,000...Solicitations of verbal quotes from a minimum of three qualified sources shall be made. Documentation of quotes must be affixed to the purchase requisition. "No bid" responses shall be

considered as a response and properly documented. Award will be made to the lowest responsive and responsible bidder. The official record copy of the purchase order, requisition and supporting documentation will be retained by the provider.

- (3) Purchases from \$5,001 to \$10,000.00...Written quotes shall be solicited from at least three qualified sources. Vendors shall be advised that Purchase Orders will not be issued until a written quotation is received. Documentation of the quotations, including "no bid" responses, shall be filed with the official record copy retained by the provider.
- (4) Purchases from \$10,001 to \$25,000.00...Written quotes will be forwarded to a minimum of five qualified sources. The procurement shall be advertised at least once. Advertisement requirements may be met by either advertising in providers local newspaper or in the South Carolina Business Opportunities (SCBO) magazine which is distributed twice weekly by the Materials Management Office of the Division of General Services. Stated response date for quotes should be 7-10 days after mailing date. Written quotations received, including "no bid" responses, shall be filed with the requisition, a clean copy of the written quote, a copy of the vendor listing, a copy of the tabulation sheet, a copy of the award statement and a copy of the advertisement. The above listed documentations will become the official record copy retained by the provider.
- (5) In addition to requirements in paragraph (4), single purchases of \$25,001 or more require that quotations be submitted as sealed bids. An Invitation To Bid containing specifications for the purchase shall be issued to at least ten qualified sources, with a specified date for opening the bids. Generally, Sealed Bids should be opened 21 working days from mail date. The procurement shall be advertised at least once. Shorter opening dates (7-10 days) may be required and documentation should be noted in file as to why short bid cycled was required. All bids received prior to the time of opening shall be kept unopened in a secure place. Bids shall be opened publicly in the presence of one or more witnesses and in a manner prescribed by the governing board. Bids shall be tabulated, and this tabulation shall be open to public inspection at that time.

Awards made as the result of an Invitation to Bid must be posted at a location identified in the bid document. A statement must appear in each sealed bid which states "A COPY OF AWARD STATEMENT FOR THIS BID WILL BE PUBLICLY DISPLAYED AT THE BID OPENING LOCATION THE DATE AWARD IS MADE. BIDDERS WHO WOULD LIKE TO RECEIVE A COPY OF AWARD STATEMENT MUST ENCLOSE A SELF ADDRESSED STAMPED ENVELOPE." It is recommended that this location be the same location at which the Bid Opening is held. It is further recommended that a notebook be maintained which contains all award statements issued for sealed bid awards. The award shall be made via written notice to the lowest qualified and responsive bidder whose bid meets the requirements defined in the invitation for bids.

NOTE: Advertisements may be placed in SCBO by using the attached form. Consideration on all advertisements must be given as to actual date advertisement will be printed versus opening date of bid. (Also, consider holidays schedules). SCBO ads placed by Wednesday at 9 AM will appear in SCBO magazine mailed on Thursday. Ads placed by Friday at 9 AM will appear in SCBO mailed on Monday.

- (6) In most cases an award is made by issuing a purchase order to the firm or individual whose quotation bid is the lowest priced offer that meets the stated requirements. Complete justification is required (as part of the procurement record) for rejection of each quote bid that is lower in price than the one selected.
- (7) Quoted/Bid information and prices shall not be revealed after opening date and prior to an award. Thereafter, the provider purchasing official may reveal such information for bids and quotes. Information provided will be limited to the name of the firm or person awarded the contract, the total dollar amount, number of units purchased, and reason(s) for rejecting any quotations of a lower dollar amount.

Attachment A identifies those goods and/or services which are exempt from the procedures identified under the Procurement and Source Selection procedures (Sec. V-B, 1-7). When determining if goods/services are exempt, they must clearly meet the applicable definition identified in Attachment A. Supporting documentation must reference that goods/services were purchased in accordance with the Universal Exemption listing.

D. Local Preference

For single purchases up to \$1,500, the provider may give preference to local vendors when the providers document that prices are reasonable and that the goods or services meet the provider's specifications.

E. Emergency Procurements

Direct procurement of goods or services is authorized to meet needs that require immediate action to alleviate threats to client health, welfare, or safety. The requirements for obtaining quotations or securing bids is waived to the extent necessary to ensure that delivery of goods or services can meet the emergency needs. The following procedures shall be required for emergency purchases:

- (1) The provider purchasing official or other official assigned the responsibility for emergency procurement shall prepare a report of the circumstances that necessitated the procurement and selection of a particular source. This report shall be prepared as soon as possible following the emergency procurement. A copy of the report shall be approved by the local DDSN board's chief administrative officer and retained with the file copy of the purchase order.
- (2) If the emergency procurement was made by a person without designated procurement authority, his or her action must be approved by the chief administrative officer and governing board and documented accordingly with the file copy of the purchase order.

F. Sole Source Procurement

When a purchasing requirement, other than in emergency situations, can be met by only one supplier, the provider purchasing official shall obtain a written determination from the chief administrative officer stating that the item or service is available from only one source. The determination shall cover a single procurement unless a duration period is specified. The determination shall include the reason(s) for procurement from a single source and, if applicable, the basis for the period of time the determination will remain in effect. One copy of the determination shall be filed with the purchase order file copy.

G. Professional Services Source Selection

The provider shall establish separate procedures for procurement of professional services including, but not limited to, legal, auditing, medical, dental, consultants, psychological, therapy services, real estate agents, etc. These services should be procured on a fee basis rather than on a competitive bidding basis. Procedures should ensure evaluation of the reasonableness of the fees consistent with 250-05-DD, "Cost Principles for Grants and Contracts with Community Local DSN Boards." When possible it is recommended that provider procedures require solicitation of proposals from potential contractors through issuance of requests for proposals (RFPs) which enumerate requirements.

H. Unauthorized Procurements

Except in emergencies, no person may obligate funds to a purchase without the requisite authority to do so. The provider shall establish procedures for handling unauthorized purchases with the following guidelines:

- (1) The chief administrative officer may ratify the unauthorized act of an employee who purchases or obligates funds to a purchase for amounts below \$500.
- (2) The chairman of the local DSN board's governing board must ratify unauthorized purchases above \$500.
- (3) The provider's chief administrative officer shall prepare a written report to the board chairman on the facts and circumstances, corrective action taken to prevent recurrence, action taken against the individual committing the unauthorized purchasing act, and documentation concerning whether or not the price paid was fair and reasonable. If the price paid is unreasonable, the individual may be held pecuniarily liable for the difference.

The provider shall establish appropriate disciplinary actions for employees who make unauthorized purchases.

I. Blanket Purchase Agreements

The provider may use blanket purchase agreements or purchase orders (BPO) for the direct procurement of small quantities of supplies and services. This may be accomplished by establishing charge account agreements with qualified suppliers. Normally, the items or services are those for which there is a recurring demand such as food preparation supplies, spare parts, and routine services for the repair of building systems, equipment, and vehicles. The following procedures shall be established for BPOs:

- (1) A separate blanket purchase order shall be issued for each supplier. The BPO and any attached agreement shall conform to guidelines set forth in Attachment B.
- (2) A single call (delivery or pickup) may not exceed \$300 unless accompanied by a separately identified purchase order signed by the authorized purchasing official.
- (3) Suppliers shall be notified immediately when a provider employee is no longer authorized to place calls or receive supplies or services.
- (4) Blanket purchase orders may not be issued in excess of a 12 month period. If renewed, a new purchase order, bearing a different purchase order number shall be issued.

J. Purchase Order Register

It is recommended that the providers purchasing regulations require maintenance of a register of all purchase orders issued to vendors or that the information listed below is readily available in provider records. This register would include the following information:

- (1) Number assigned the purchase order
- (2) Issue date of the purchase order
- (3) Name of vendor
- (4) Total dollar value of the purchase order at time of issue.

K. General Supply Procedures

The provider purchasing rules shall include the following requirements:

- (1) When supplies, equipment, and services related thereto are needed, it is recommended that the provider require the user to state his or her needs on a Request for Issue of Purchase Order form (requisition).
- (2) Personnel authorizing procurements are not authorized to certify receipt of goods or services, except under emergency situations.
- (3) Receiving, storage and distribution procedures at each provider site may vary somewhat due to differences in staff size, storage space limitations, distribution methods, geographical location, physical plant characteristics, and other cost effectiveness considerations. However, the following general procedures and practices represent minimum procedural requirements that must be established by every board:
 - a. Written operating procedures shall be maintained to guide personnel who receive, store, and distribute goods.
 - b. Procedures must include detailed instructions on the following subjects:
 - comparison of merchandise received with identity and quantity information on packing slips and with items ordered as shown on the receiving copy of a purchase order or other receiving file document;
 - inspection for damaged items on items of lower quality than specified;
 - documentation of delivery or pick up of goods by personnel authorized in writing by the appropriate director to certify receipt;
 - procedures for documentation of contractual services performed.

VI. APPROVAL OF POLICIES AND PROCEDURES; EXCEPTIONS

The provider's procurement policies and procedures shall be maintained as part of other board policies and procedures and shall be subject to review during program and financial audits and reviews. Any variance of the local board's policies and procedures from this

procedural document shall be approved in writing by DDSN's Director of Supply and Services. It is not necessary for the provider to submit to DSN policies and procedures for approval. However, the DDSN Director of Supply and Services will provide assistance to the provider in developing and implementing procurement policies and will review documents upon request.

Lonnie A. Bowman, Jr.
Deputy State Director
Support Services

Ronald C. Abbott, Ed.D.
Interim State Director
(Approved)

Cross References: 250-05-DD

Attachments follow:

ATTACHMENT A

PROCUREMENT EXEMPTIONS

1. Livestock, feed and veterinary supplies.
2. Articles for commercial sale by all governmental bodies.
3. Fresh fruits, vegetables, meats, fish, milk and eggs.
4. Published books, periodicals and technical pamphlets.
5. Postage.
6. Invoices for gas and electricity, water and sewer services provided by public utilities subject to rate regulation by the Public Service Commission.
7. U.S. Post Office box rentals.
8. Copyrighted educational films, filmstrips, slides and transparencies.
9. Oil company credit card purchased for gas, oil, and jet fuel charges only.
10. Professional dues and registration and membership fees.
11. Attorneys.
12. Certified public accountants and public accountants engaged to perform financial and/or compliance audits.
13. Hospital and medical clinic services.
14. Medical doctors and psychiatrists.
15. Optometrists.
16. Dentists.
17. Registered nurses.
18. Licensed practical nurses.
19. Investment counselors.
20. Clergy
21. Court reporters.
22. Expert witness services.
23. Furniture refurbishing services of the Department of Corrections.
24. Services and/or supplies provided by the Division of General Services to public procurement units.

25. Fuel oil and diesel oil; however, competition should be obtained whenever possible.
26. Actuaries.
27. Conference facilities.
28. Doctors of osteopathy.
29. Instructional training seminars offered by governmental bodies to state employees on a registration fee basis and those contractual consultant services necessary to provide the professional instruction for the seminars.
30. Physical therapist and physical therapy assistants.
31. Speech pathologists.
32. Occupational therapists.
33. Veterinary services customarily obtained on a fee basis rather than by competitive solicitation.
34. Appraisers.
35. Health maintenance organizations (HMOs).
36. Advertisements in professional journals or publications.
37. Advertising time or space in newspapers, radio or television.
38. License agreements for computer software after such software has been competitively bid as required by the Procurement Code.

ATTACHMENT B

A. ESTABLISHMENT OF BLANKET PURCHASE AGREEMENTS.

- (1) **GENERAL.** A blanket purchase agreement is a simplified method of filling anticipated repetitive needs for small quantities of supplies or services by establishing "charge accounts" with qualified sources of supply. Blanket purchase agreements are designed to reduce administrative costs in accomplishing small purchases by eliminating the need for issuing individual purchase documents.
- (2) **ALTERNATE SOURCES.** To the extent practicable, blanket purchase agreements for items of the same type should be placed concurrently with more than one supplier. All competitive sources shall be given an equal opportunity to furnish supplies or services under such agreements.
- (3) **TERMS AND CONDITIONS.** Blanket purchase agreements shall contain the following provisions:
 - (a) Description of agreement-a statement that the supplier shall furnish supplies or services, described therein in general terms, if and when requested by the Procurement Officer, or his authorized representative, during a specified period and within a stipulated aggregate amount, if any. Blanket purchase agreements may encompass all items that the supplier is in a position to furnish.
 - (b) Extent of obligation-a statement that the provider is obligated only to the extent of authorized calls actually placed against the blanket purchase agreement.
 - (c) Notice of individuals authorized to place calls and dollar limitations-a provision that a list of names of individuals authorized to place calls under the agreement, identified by organizational component, and the dollar limitation per call for each individual shall be furnished to the supplier by the Procurement Officer.
 - (d) Delivery tickets-a requirement that all shipments under the agreement, except subscriptions and other charges for newspapers, magazines, or other periodicals, shall be accompanied by delivery tickets or sales slips which shall contain the following minimum information:
 - (1) name of supplier;
 - (2) blanket purchase agreement number;
 - (3) date of call;
 - (4) call number;
 - (5) itemized list of supplies or services furnished;
 - (6) quantity, unit price, and extension of each item less applicable discounts (unit price and extensions need not be shown when incompatible with the use of automated systems, provided that the invoice is itemized to show this information); and
 - (7) date of delivery or shipment.
 - (e) Invoices-one of the following statements:
 - (1) A summary invoice shall be submitted at least monthly or upon expiration of the blanket purchase agreement, whichever occurs first, for all

deliveries made during a billing period, identifying the delivery tickets covered therein, stating their total dollar value, and supported by receipted copies of the delivery tickets; or

- (2) An itemized invoice shall be submitted at least monthly or upon expiration of the blanket purchase agreement, whichever occurs first, for all deliveries made during a billing period and for which payment has not been received. Such invoices need not be supported by copies of delivery tickets;
- (3) When billing procedures provide for an individual invoice for each delivery, these invoices shall be accumulated provided that a consolidated payment will be made for each specified period; and the period of any discounts will commence on final date of billing period or on the date of receipt of invoices for all deliveries accepted during the billing period, whichever is later. This procedure should not be used if the accumulation of the individual invoices materially increases the administrative costs of this purchase method.
- (4) An invoice for subscriptions or other charges for newspapers, magazines, or other periodicals shall show the starting and ending dates and shall state either that orders have been placed in effect or will be placed in effect upon receipt of payment.

B. COMPETITION UNDER BLANKET PURCHASE AGREEMENT

Calls against blanket purchase agreements shall be placed after prices are obtained. When concurrent agreements for similar items are in effect, calls shall be equitably distributed. In those instances where there is an insufficient number of BPAs for any given class of supplies or services to assure adequate competition, the individual placing the order shall solicit quotations from other sources.

C. CALLS AGAINST BLANKET PURCHASE AGREEMENT

Calls against blanket purchase agreements generally will be made orally, except that informal correspondence may be used when ordering against agreements outside the local trade area. Documentation of calls shall be essential information. Forms may be developed for this purpose locally.

D. RECEIPT AND ACCEPTANCE OF SUPPLIES OR SERVICES

Acceptance of supplies or services shall be indicated by signature and date on the appropriate form by the authorized representative after verification and notation of any exceptions. A sales slip or delivery ticket may be used for receipt and acceptance when purchases are retained for administration.

E. REVIEW PROCEDURES.

The governmental body shall review blanket purchase agreement files at least semi-annually to assure that authorized procedures are being followed. Blanket purchase agreements shall be issued for a period of no longer than 12 months.

DATE: _____

MMO FAX (803) 737-0639

**REQUEST FOR ADVERTISEMENT
OF SOLICITATIONS IN
SOUTH CAROLINA BUSINESS OPPORTUNITIES**

SECTION (MARK ONE) 1. () Archt./Eng. Services (Form #3)

- 2. () Construction (Use SCBO Form #2)
- 3. () Consultant/Professional Service
- 4. () Equipment
- 5. () Information Technology Management
- 6. () Maintenance/Repair
- 7. () Minor Construction
- 8. () Printing
- 9. () Services
- 10. () Supplies

*DESCRIPTION: _____

**SITE VISIT: _____

*SOL. # : _____

*DELIVERY LOCATION : _____

*OPENING DATE : _____

*OPENING TIME : _____

*OPENING LOCATION : _____

DIRECT INQUIRIES TO: **TO RECEIVE COPY OF BID:** CONTACT: _____

BUYER _____ TELEPHONE: _____

MMO NOTE: THE ABOVE SCBO ADVERTISEMENT IS BEING REQUESTED BY A
S.C.D.D.S.N. LOCAL BOARD.

COPY OF BID IS REQUESTED ____YES ____NO (MMO PLEASE FORWARD TO:)

* REQUIRED INFORMATION

** OPTIONAL INFORMATION